

OBR forecast: Employment

30 June 2010

The table below sets out the OBR forecast for whole economy employment in the pre-Budget and Budget forecast.

PRE-BUDGET FORECAST

	2010-11	2011-12	2012-13	2013-14	2014-15
Whole economy Employment (LFS measure, millions, end of financial year)	28.93	29.17	29.47	29.77	30.02

BUDGET FORECAST

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Whole economy Employment (LFS measure, millions, end of financial year)	28.89	29.08	29.36	29.69	29.97	30.23

The tables below set out the general government employment and average earning growth assumptions for the pre-Budget forecast published on 14 June and the Budget forecast published 22 June.

General government employment projections are based on implied Resource Departmental Expenditure Limits (implied RDEL) that are consistent with the forecast at the time. General government employment projections are also based on assumptions on public sector pay and other modelling assumptions.

PRE-BUDGET FORECAST

	2010-11	2011-12	2012-13	2013-14	2014-15
General Govt average earnings growth	2.3%	1.7%	1.9%	2.5%	2.7%
General Govt employment growth	-0.1%	-2.4%	-2.9%	-2.0%	-1.4%
General Govt employment level (millions, end of financial year)	5.53	5.40	5.24	5.14	5.07

The pre-Budget forecast (above) was based on implied RDEL as set out in the pre-Budget forecast, the previous Government's public sector pay policy as well as other modelling assumptions on average earnings growth.

The Budget forecast (below) was based on implied RDEL and the public sector pay policy set out in the June Budget.

Changes between the pre-Budget forecast and the Budget forecast are a combination of changes to the modelling assumptions for general government average earning growth and the effects of the lower RDEL and revised public sector pay policy in the Budget. For example, in 2013-14 and 2014-15 average earnings growth is 3.1% in the Budget forecast rather than 2.5% and

2.7% as in the pre-Budget forecast, which reflects a modelling change between the two forecasts rather than a change in policy. This modelling change on its own would reduce general government employment in the Budget forecast relative to the pre-Budget forecast.

BUDGET FORECAST

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
General Govt average earnings growth	2.3%	0.8%	0.8%	3.1%	3.1%	3.1%
General Govt employment growth	-0.1%	-1.2%	-1.3%	-3.0%	-3.7%	-2.4%
General Govt employment level (millions, end of financial year)	5.53	5.47	5.39	5.23	5.04	4.92